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FISCAL IMPACT STATEMENT

LS 6733

BILL NUMBER: HB 1494

NOTE PREPARED: Apr 10, 2013

BILL AMENDED: Apr 4, 2013

SUBJECT: National Criminal History Background Checks for Child Care.

FIRST AUTHOR: Rep. Summers

FIRST SPONSOR: Sen. Holdman

BILL STATUS: As Passed Senate

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: This bill has the following provisions:

- (1) Requires: (a) employees and volunteers of certain child care providers; and (b) applicants applying for a license to operate a child care home, the applicant's spouse and certain household members of the applicant; to undergo national criminal history background checks.
- (2) Provides that a child care provider that holds a license or registration on July 1, 2013, has until July 1, 2014, to meet the requirements regarding national criminal history background checks.
- (3) Requires the Indiana State Police Department (ISP) to release the result of a national criminal history background check to the Division of Family Resources (DFR).
- (4) Amends the list of felony convictions and certain other offenses related to the: (a) application, denial, and revocation of a child care license or registration; and (b) eligibility for child care voucher payments.

(The introduced version of this bill was prepared by the Committee on Child Care.)

Effective Date: July 1, 2013.

Summary of NET State Impact: This bill could:

- (1) Increase revenue to the state General Fund by \$182,000 and
- (2) Decrease revenue to the Indiana Office of Technology Portal Fund between \$94,000 and \$109,000..

The net impact of this bill could increase state revenue between \$73,000 and \$88,000 in the first year of

implementation.

Explanation of State Expenditures: *Summary:* This bill is expected to increase the workload of the Division of Family Resources (DFR) to oversee implementation of the requirements of the bill as they apply to child care providers.

Additional Information:

Division of Family Resources: This bill establishes new requirements for child care providers as a condition of receiving Child Care Development Fund (CCDF) voucher payments and changes disqualifying criminal offenses for employees and volunteers of licensed child care centers and homes, registered child care ministries, and child care providers who participate in the CCDF program.

The Family and Social Services Administration (FSSA) reports the DFR annually inspects child care providers who receive CCDF voucher payments, registered child care ministries, and licensed child care centers and homes to ensure they meet requirements of current law. If this bill increases the number of child care providers found in noncompliance, it is expected to increase DFR workload to reinspect child care providers for compliance. The FSSA reports the increases in workload will be absorbed under current staff and resource levels.

Information from FSSA: FSSA reports the following information regarding child care facilities in the state and their associated caregivers between September 2011 and October 2012.

Total Child Protection Index Checks Performed Between September 2011 and October 2012		
Provider Type	Number of Programs/Facilities	Number of Caregivers
Center, Exempt	236	1,179
Center, Licensed	604	12,181
Home, Exempt	499	864
Home, Licensed	2,859	8,554
Ministry	783	9,705
Total	4,981	32,483

[The FSSA reports that of the above data provided, not all facilities report total number of staff and volunteers utilized in their operations. The data above also does not differentiate between child care provider employees and volunteers. Because of the limitations of the data, the actual fiscal impact may be greater than the estimates provided in this fiscal impact statement.]

Currently, all child care licensure applicants must submit to a national criminal history background check (IC 12-17.2-2-1). The FSSA reports the cost of any national criminal history background check required as a condition of child care licensure is the responsibility of the applicant. The FSSA also reports the limited criminal history background checks for licensed child care homes are furnished at no cost to the provider. The

FSSA maintains a subscription service (after paying a minimum annual fee) with the Indiana State Police that allows them to perform limited criminal history background checks at no additional cost to the FSSA or child care home providers.

Further, the FSSA reports child care centers receive no state assistance for the costs of the limited criminal history background checks for employees and volunteers.

The FSSA reports that individuals involved in child care ministries currently do not have to undergo a national criminal history background check, whereas staff and volunteers must undergo a limited criminal history background check. Currently, these limited criminal history background checks, by law, must be provided at no cost to religious entities.

The estimated number of national criminal history checks that would be conducted instead of limited criminal history checks as a result of the requirements of the bill is reported in the table below.

Child Care Provider Type	Number of National Criminal History Checks Conducted Instead Of Limited Criminal History Checks
Child Care Center	11,728
Child Care Home	5,834
Child Care Ministry	8,958
Total	26,787

The bill also requires spouses and other residents of child care home providers to also submit to a national criminal history background check, regardless if these individuals have contact with child care recipients. It is not known how many individuals this requirement will affect.

Indiana State Police Costs: Under the bill, all child care employees will be required to obtain a national criminal history background check. The cost for a national criminal history background check is as follows: \$9.95 for the Morphotrust Electronic Fingerprinting Fee, \$17.25 for a child care provider employee or \$13.25 for a child care provider volunteer, and \$15.00 state processing fee. Only child care ministry employees and volunteers will be exempt from the \$15 state fee for a national criminal history background check.

Currently the ISP does not collect revenue from child care ministry employees and volunteers for a limited criminal history background check. Exempting child care ministry employees and volunteers from the state fee for a national criminal history background check is expected to have no impact because the costs of processing fingerprints and submitting the request to the FBI for processing would be covered by collected fees for fingerprinting and FBI processing.

Explanation of State Revenues: Summary: This bill could increase revenue to the General Fund by a minimum of approximately \$182,000 and decrease revenue to the IOT Portal Fund between \$94,000 and \$109,000 in the first year of implementation.

Additionally, the bill requires spouses of licensed child care home providers and any other residents in child care homes to undergo a national criminal history background check. The number of individuals this requirement will impact is not known. However, by requiring these additional individuals to also request a national criminal history background check, this bill could further increase revenue the state receives from background check fees. The actual impact on background check fee revenue received from these additional individuals is indeterminable.

The bill also allows individuals who are continuously employed or allowed to volunteer as child care providers to undergo a national criminal history background check every three years. The annual turnover rate of child care employees and volunteers and the number of employees and volunteers who provide child care continuously in excess of three years is not known. As a result, beyond the first year of implementation the state could experience annual fluctuations in revenue received from national criminal history background check fees, but the net effect on revenue collected from these fees is indeterminable.

Additional Information:

This bill will require licensed child care providers in the state to request a national criminal history background check for their employees and volunteers. For employees and volunteers who continuously volunteer or are continuously employed by the child care provider, a national criminal history background check is required once every three years. The number of child care employees and volunteers who continue to provide child care for periods exceeding three years is unknown.

The FSSA reports that child care centers currently do not receive any state assistance to finance limited criminal history information for their employees and volunteers.

Requiring child care center employees and volunteers to undergo a national criminal history background check instead of a limited criminal history background check has the net effect of increasing revenue to the General Fund by \$8 per request and decreasing revenue to the Indiana Office of Technology (IOT) Portal Fund by either \$8 or \$9.32 (depending on if the requestor has a subscription to AccessIndiana). [Information on the fees for limited and national criminal history background checks are provided below.]

Requiring an estimated 11,728 child care center employees and volunteers to obtain a national criminal history background check instead of a limited criminal history background check could increase revenue to the General Fund by approximately \$94,000, and revenue to the IOT Portal Fund could decrease by between \$94,000 and \$109,000 in the first year of implementation.

Child Care Home National Criminal History Background Checks: Currently, the FSSA finances the costs of limited criminal history background information requests for child care home employees and volunteers. If child care home employees and volunteers are required to instead undergo a national criminal history background check, the requesting employees and volunteers will be responsible for the costs of the background check.

As a result, this bill is expected to increase state revenue from the increase in requests for national criminal history background checks from child care home employees and volunteers (an estimated increase of 5,834 requests). For each national criminal history background check requested, \$15 is forwarded to the General Fund. The minimum estimated increase in state revenue from background check fees is estimated to be

approximately \$88,000 per year.

National Criminal History Background Check: A national criminal history background check requires a search of the criminal history record system maintained by the Federal Bureau of Investigation based on fingerprint identification or any other method of positive identification. A national criminal history background check is obtained through the ISP. For every national criminal history background check performed in the state, \$15 is forwarded to the General Fund.

Limited Criminal History Background Check: Fees for limited criminal history background checks are as follows: \$16.32 for persons who do not subscribe to AccessIndiana, \$15 for AccessIndiana subscribers, or \$7 by mail. For each limited criminal history background check requested, \$7 is deposited into the General Fund. For each limited criminal history background check requested using AccessIndiana, either \$8 or \$9.32 is deposited into the Indiana Office of Technology (IOT) Portal Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: FSSA; ISP.

Local Agencies Affected:

Information Sources: Christina Hage, FSSA; Bureau of Child Care; Tammy Watson, ISP; Mark Carnell, ISP; Melanie Brizzi, Bureau of Child Care; Jordan Stover, ISP.

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